THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.

A&P

1991

ANNUAL REPORT

STORE BRANDS AND SERVICES

•

DELIVERING VALUE IN THE '90s

COMPARATIVE HIGHLIGHTS

	The Great Atlantic & Pacific Tea Company, Inc.		
(Dollars in thousands, except per share figures)	Fiscal 1991	Fiscal 1990	Fiscal 1989
Sales	$11,590,991	$11,390,943	$11,147,997
Net income	70,664	150,954	146,698
Net income per share	1.85	3.95	3.84
Cash dividends per share	.80	.775	.675
Expenditures for property	161,902	276,419	218,825
Working capital	173,866	116,251	80,181
Current ratio	1.17	1.11	1.08
Shareholders' equity	1,253,106	1,221,270	1,092,164
Book value per share	32.79	31.96	28.59
Number of stores at year end	1,238	1,275	1,215

COMPANY PROFILE

The Great Atlantic & Pacific Tea Company, Inc., based in Montvale, New Jersey, operates conventional supermarkets and larger superstores in 23 U.S. states, the District of Columbia and Ontario, Canada, under the A&P, Waldbaum's, Food Emporium, Super Fresh, Farmer Jack, Kohl's, Dominion and Miracle Food Mart trade names. As of the fiscal year ended February 29, 1992, the Company operated a total of 1,238 stores. Through its Compass Foods subsidiary, the Company also manufactures and distributes a line of coffees under the Eight O'Clock, Bokar and Royale labels, both for sale through its own stores, and by other companies outside A&P's trading areas.

ABOUT THE COVER

The Great Atlantic & Pacific Tea Company, Inc., manufactures and markets a variety of store brands under the A&P, Waldbaum's, Food Emporium, Super Fresh, Farmer Jack, Kohl's, Dominion, Miracle Food Mart, Eight O'Clock, Bokar, Royale, Master Choice, Jane Parker and Ann Page labels. In addition, the quality of our store brands is conveyed throughout the store including our produce, baked goods, dairy, meat, poultry, seafood and deli departments. We provide the highest quality products at the best possible value.

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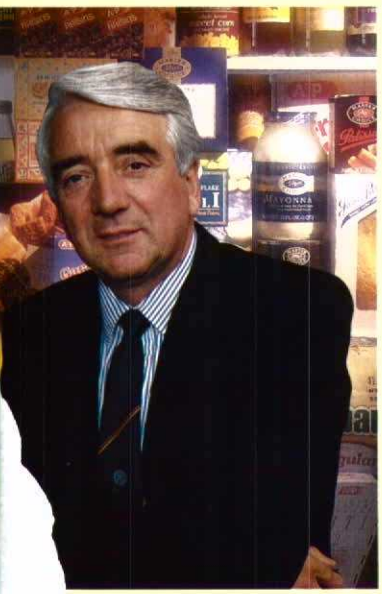
TO OUR SHAREHOLDERS



MES WOOD
AIRMAN OF THE
OARD, PRESIDENT
ND CHIEF EXECUTIVE
OFFICER

In 1991, a year of recession in both the United States and Canada, A&P successfully defended its position as the fourth-largest food retailer in the United States. It was, however, the first year since 1982 that the Company did not record solid gains in sales and net income.

For the fiscal year ended February 29, 1992, sales of $11.6 billion were essentially flat compared to the previous year. Net income of $70.7 million or $1.85 per share was 53% below 1990's net income of $151 million or $3.95 per share.

Our 1991 performance difficulties can be traced to three key factors: recession, geography and acquisitions.

The supermarket industry as a whole has been adversely affected because of the length and depth of this recession. Increasing costs combined with food price deflation have a strong impact in an industry which averages 1% margins in the best of times. Furthermore, 1991's soft sales environment generated competitive price discounting, requiring A&P to increase promotional spending to protect market share. While we worked hard to balance these increased marketing expenditures with cost-control actions in other areas, our already thin margins were further reduced as the year progressed.

In addition, A&P's unique geography was severely affected by the economy. Eighty percent of our sales are generated in the Northeastern United States, Michigan and Ontario, Canada, three regions that are very hard hit by this recession, with high unemployment and low consumer confidence.

Finally, the inevitable costs that come in the aftermath of an acquisition also had a negative impact on our profits in 1991, particularly since our latest acquisitions in Canada and Michigan proved to be somewhat more troublesome than we had anticipated.

These three key factors combined to cause the steep decline in profits as the year progressed. I'm happy to report that we did see some easing of the profit squeeze in the fourth quarter of the year and we anticipate gradual improvement as the '92 fiscal year moves forward.

During the past year, our strategy has been to maintain market share while controlling costs. We are continuing a strict belt-tightening strategy in 1992 and as economic conditions improve we are confident that A&P will return to our previous pattern of growth.

We will not allow the turbulence of the last 18 months to undo the long-term progress made during the prior decade. Where A&P trade names were the leaders before the downturn, we are the leaders today and will be the leaders tomorrow.

We have maintained our number one share in the Ontario market. While the short-term is difficult in economically depressed Ontario, we have three strong franchises: A&P, Dominion and Miracle Food Mart. These chains have excellent locations and we will be implementing plans in 1992 to improve productivity and sales.

In Metro New York, our largest market, we also have three distinct consumer identities: A&P, Waldbaum's and Food Emporium. The size and diversity of the New York market provides opportunity to further develop these strong consumer franchises.

In the Midwest, A&P and Farmer Jack hold the leading market share in Metro Detroit, and our commitment to expansion and remodeling will solidify our position over the long-term. Wisconsin's Kohl's offers the best upscale food stores in the Milwaukee market and we intend to continue building that franchise.

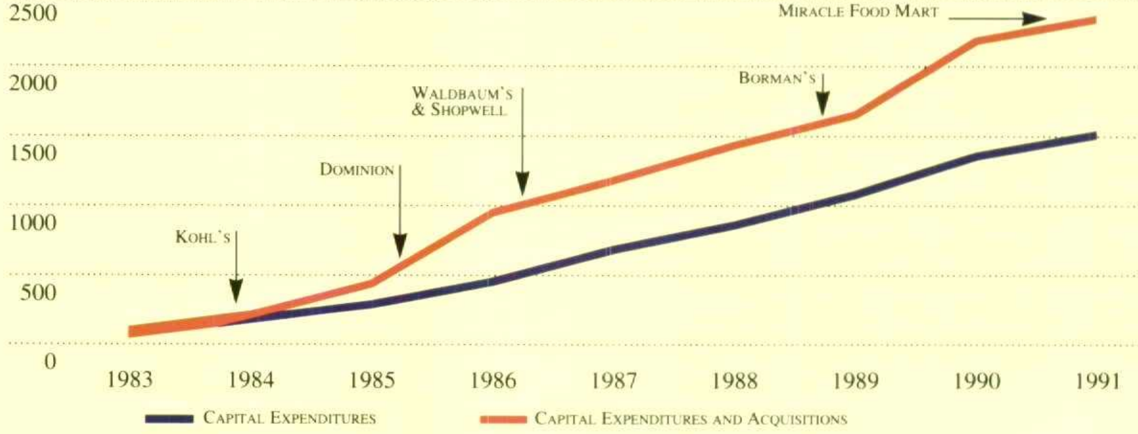
We are holding our own in New England, where we've added a number of stores recently and are actively seeking additional new locations.

Super Fresh performed well in Philadelphia and the Mid-Atlantic states. In the Southeast, we are adding new stores where we currently have small, but profitable, market shares.

Super Fresh in Baton Rouge remains strong and New Orleans' improving economy has begun to generate better operating results for A&P stores there. We now plan to increase penetration along the Mississippi Gulf coast.

Ten years ago, A&P placed, at best, third or fourth in most markets, with its highest share under 8% in the New York area. Our long-term strategy focused on development of leading market shares by building and acquiring new stores while improving existing stores to obtain more efficient market concentrations.

CUMULATIVE CAPITAL EXPENDITURES: FISCAL 1983 - 1991 DOLLARS IN MILLIONS



Since setting that goal, we have spent over $2 billion on new stores and remodelings as well as some very fine strategic acquisitions.

Our investments have paid off with lead market shares in major target markets. We will continue that winning strategy during the next three years, as we move forward with plans to invest more than $1 billion in new stores, remodelings and expansions.

In 1992, we're scheduled to complete up to 30 new stores or expansions and more than 150 remodels. The remodeling program will particularly benefit our Waldbaum's and Farmer Jack subsidiaries. A third area of capital investment emphasis will be smaller A&P stores in select locations that lend themselves to the successful Food Emporium format.

A&P's capital program will increase the Company's depreciation and amortization, the primary source of cash flow, to about $250 million in 1992, excluding any acquisition activity. Our anticipated improvements in net income will provide additional strong cash flow to finance our ambitious capital program.

We will continue to expand by acquisition, if attractive opportunities present themselves. While acquisitions frequently require large amounts of management time and capital investment up-front, these expenditures have proved most worthwhile for A&P over time. Strategic acquisitions are one sure way to build market concentration in mature, well-developed markets where the best real estate has already been taken.

We will continue to drive earnings performance through more efficient operations. Our centralized purchasing program is now in its second year and it is achieving the anticipated benefit of lower total cost of goods, which keeps us competitively priced and will eventually improve margins.

The best news I can share with you in this letter is that our long-term growth strategy is intact and our response to the current economy is working. While the precise strength and timing of the economic upturn remains uncertain, one thing is clear—consumers will regain confidence that will translate into increased spending and we will be primed to serve them.

A&P remains dedicated to increasing shareholder value and we believe the worst is behind us. We are focusing all our efforts to assure that the news will be better in the coming year.

James Wood

JAMES WOOD
Chairman of the Board, President and Chief Executive Officer

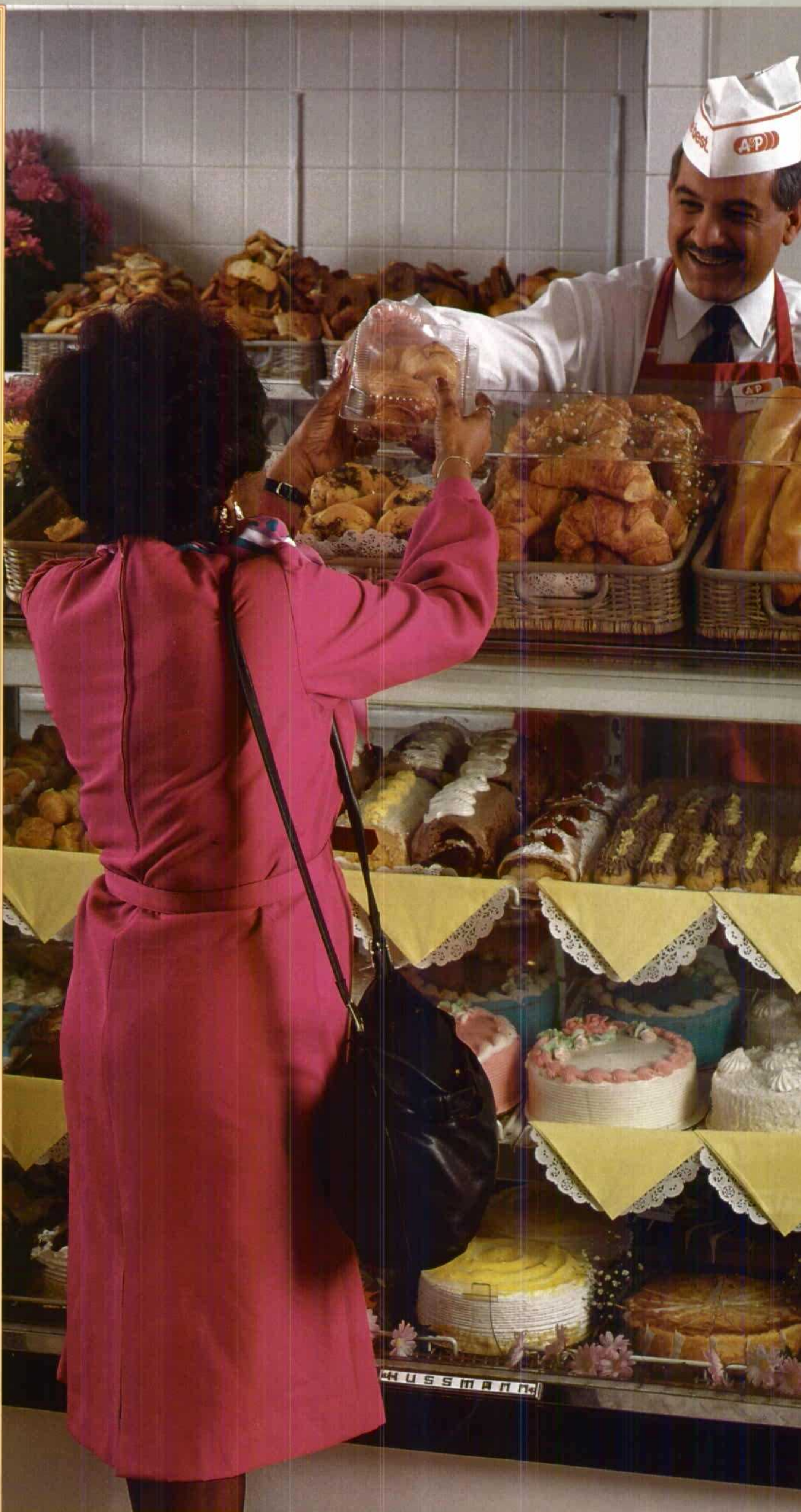
SERVICE

Consumers today have the widest array of choices ever. More products compete for attention. More stores and store formats contend for food dollars. To compete effectively, A&P constantly looks for ways to differentiate itself.

Service is one of our most powerful distinguishing traits. Service means a clean, well-stocked store, fast-moving check-out lines and superior products, from canned goods to produce to high quality, in-store bakeries.

Many food retailers de-emphasize service during uncertain economic times. New competitors enter the markets, cutting service and turning to price-only customer appeals.

At A&P, we've learned that good quality service, like we offer in our bakeries, is even more important during an economic downturn. These departments are one of the ways that supermarkets truly add value over and above price competitors. Our successful approach is a profitable balance between our service commitment and competitive pricing strategies.



QUALITY

A&P believes that profitability and quality are linked. We provide quality by offering the finest produce, the choicest deli and bakery goods, a pleasant shopping environment and exceptional store brands.

One example of A&P's quality commitment is our Master Choice premium store brand. Launched in 1988, the Master Choice label is already on more than 100 carefully selected products. We will double that number by 1994.

The Master Choice concept is simple: to create exclusive private label products that offer premium quality at national brand prices. Master Choice has achieved outstanding customer acceptance with several products reaching the number one sales position in their categories. Master Choice products are sold in all stores in the A&P family, providing a premium product choice to complement our traditional store brands, national and regional brands.

FRESHNESS

We believe that the ability to provide a wide variety of the freshest fruits and vegetables sets a supermarket apart. We have one of the best reputations among all food marketing operations for fresh produce.

Produce is the most challenging department for any food marketing business and 1991 was an especially challenging year. A serious Christmas freeze, followed by drought, took its toll on California and West Coast produce. A&P swung into action, lining up new sources of fresh fruit and vegetables from Florida and elsewhere, to ensure that its produce cases remain filled with fresh, flavorful offerings.

Delivering a wide variety of fresh produce is just the beginning. Handling these fragile products and presenting them properly to customers is the special talent of our experienced, well-trained produce personnel. They have one of the key responsibilities in our commitment to deliver freshness.

VARIETY

Consumers demand choices. Deli departments, for instance, illustrate how A&P's chains offer variety to consumers: fresh-cut cheeses and fresh-made salads side-by-side with popular cold cuts and sandwiches. Increasingly, our delis are successfully selling hot take-out items, like chicken, pizza and other "fast food" type offerings.

Many of our stores really specialize in deli. Waldbaum's and Food Emporium are known for the best New York delis in New York. Farmer Jack in Michigan is famous for large delicatessen departments with tremendous variety.

Variety will always be important to food shoppers. Our stores typically stock more than 25,000 items each. A new "super" supermarket, recently opened in the Midwest, will stock more than 28,000 items. To bring this kind of variety to our customers, A&P is constantly improving its inventory management technology and we expect to make great progress in this activity in the '90s.

FLAVOR

At the heart of our stores is flavor. While we eat to live, flavor makes eating a pleasure. A&P and its family of stores sell not only the basics — the "staff of life" — but the flavor of life as well.

No product better typifies this heritage and dedication to flavor than Eight O'Clock coffee. Established in 1910, Eight O'Clock was one of the first store brands and, today, it is one of the best-known coffee brand names in the nation. Eight O'Clock, which is offered in all of our store chains, consistently outsells nationally advertised coffee brands.

The A&P coffee buyers and tasters personally sample and approve every bag of beans that ultimately finds its way into the familiar, bright red Eight O'Clock package. And today, we offer a broad line of gourmet private label coffees from Eight O'Clock Decaffeinated to Bokar to Specialty Royale gourmet beans.

Merchandising for the 1990s requires the kind of diversity we have already developed through our numerous store types and supermarket identities. We currently have a variety of formats and are constantly developing new food merchandising ideas.

While the A&P name is still our best-known identity, proof of our diversity is found in the fact that more than half of our stores do not carry the A&P name. Food Emporium, Waldbaum's, Super Fresh, Farmer Jack, Kohl's, Dominion and Miracle Food Mart also make up the A&P family of food stores.

A&P is still our largest chain, with a promotional, value image directed to a broad customer base. Super Fresh emphasizes quality perishables and friendly service.

Food Emporium, Kohl's, and Dominion offer quality service departments and broad selection, primarily for upscale, urban shoppers. Waldbaum's, Farmer Jack and Miracle Food Mart target value shoppers with a strong promotional appeal.

SAVINGS

To build store traffic and retain customer loyalty, A&P creates aggressive marketing programs in all operating areas.

At Super Fresh, we launched the first chain-wide introduction of the Bonus Savings Club frequent shopper program, now operating in 70 stores in the Delaware Valley.

Participating customers receive a Bonus Savings Club card which qualifies them for special shopping benefits and doubles as a check-cashing card. Up to 200 grocery items are tagged and advertised as Bonus Savings specials weekly. The shopper presents the card at checkout and scanners automatically discount those items.

Dominion offers a similar, equally successful, frequent shopper program called Priority Plus—unique in Canada—which also targets special savings for participating customers. Canadian shoppers also gained additional savings when Miracle Food Mart introduced Canada's first double coupon promotion, which generated new traffic while emphasizing Miracle's image as a national brand merchant.

PRESENTATION

Presentation is everything — that's a truism in food marketing. For A&P, presentation means attractive fruit and bakery displays, bright stores with plenty of shopping carts and parking, ample stocks of sale items and shelves full of specialty products.

Sometimes, product presentation is fairly complex. The gourmet meat case at a Food Emporium, for example, will contain everything from crown roasts to veal chops.

On the other hand, sometimes the right presentation is the simplest. For instance, a major new competitive force in food marketing is the warehouse club. These outlets offer extremely competitive pricing in facilities with few amenities and limited product selection. To meet this challenge, we've selectively adapted warehouse presentation. Certain stores now feature "warehouse aisles": the most popular warehouse items — detergents, paper products, soda, snacks — in large sizes at club prices.

Creative presentation to answer customer needs will continue to make A&P a stronger competitor.

Operating Results

› Fiscal 1991 Compared with 1990

Sales for fiscal 1991 were $11.6 billion, reflecting a 1.8% increase over sales for fiscal 1990 of $11.4 billion. The increase in sales is attributable to the inclusion of the results of Miracle Food Mart for a full year in 1991 versus 18 weeks last year, 53 week results for fiscal 1991 compared to 52 week results for fiscal 1990 as well as the opening of 18 new stores and the remodeling of 56 existing stores during the year partially offset by a general slowdown of the economy in our major markets and the closing of 55 obsolete stores.

Gross margin as a percent of sales of 27.7% remained constant with the previous year. The Company was able to maintain its margins despite the increased use of special price reductions, primarily from the benefits of its centralized purchasing function.

Store operating, general and administrative expense as a percent of sales was 26.0% compared to 24.7% during the prior year resulting primarily from increased costs associated with store occupancy, store labor, employee benefits and advertising.

Interest expense increased over the previous year primarily due to increased long-term borrowings resulting from the acquisition of Miracle Food Mart in the third quarter of fiscal 1990 partially offset by lower interest rates on decreased bank borrowings.

› Fiscal 1990 Compared with 1989

Sales for fiscal 1990 were $11.4 billion reflecting a 2.2% increase over sales for fiscal 1989 of $11.1 billion. The sales increase is primarily the result of the October 1990 acquisition of 70 Miracle Food Mart stores, as well as the opening of 39 new stores and the remodeling of 101 existing stores during the year partially offset by the closing of 49 obsolete stores. Average weekly sales per store for the year increased 1.1% to $176,800 from $174,800.

Gross margin as a percent of sales of 27.7% increased 1.4% over the previous year resulting primarily from improvements in shrink control, changes in merchandise mix and increased buying allowances as a result of an aggressive purchasing policy and the continued expansion of the centralized purchasing program, including one-time purchasing benefits achieved during the integration of Miracle Food Mart into Canadian operations.

Store operating, general and administrative expense as a percent of sales was 24.7% compared to 23.6% during the prior year. The increased rate is due primarily to increased costs and expenses associated with store labor, store occupancy, employee benefits and expenses related to new stores opened during the year.

Interest expense increased over the previous year primarily due to higher outstanding borrowings resulting from the acquisition of Miracle Food Mart.

Lower income from the Company's investment in Isosceles and the repayment of the Newgateway Holdings loan resulted in a decrease in interest income from the previous year.

The Company's effective tax rate for fiscal 1990 was 42.5% compared to a 41.5% rate for the prior fiscal year primarily due to an increase in state income taxes.

› Fiscal 1989 Compared with 1988

Sales for fiscal 1989 were $11.1 billion reflecting a 10.7% increase over sales for fiscal 1988 of $10.1 billion. The sales increase was due to the opening of 18 new stores and the remodeling of 83 existing stores during the year partially offset by the closing of 44 obsolete stores with the most significant increase being realized by the full year effect of the Borman's acquisition. Average weekly sales per store for the year increased 6.4% to $174,800 from $164,300.

Gross margin as a percent of sales of 26.3% increased .6% over the previous year. The increase reflects aggressive containment and management of product costs through more centralized high-volume purchasing and a continued improvement in product mix offset, in part, by a LIFO charge of $8.4 million in 1989 compared to $2.0 million in 1988.

Store operating, general and administrative expense as a percent of sales was 23.6% compared to 23.0% during the prior year. The increased rate is due primarily to increased costs and expenses associated with store labor, employee benefits and store occupancy costs.

Interest expense increased over the previous year primarily due to borrowings related to the Company's loan to Newgateway Holdings, investment in Isosceles and borrowings related to the acquisition of Borman's, Inc.

Interest income increased over the previous year primarily due to interest income on the Company's loan to Newgateway Holdings.

The Company's effective tax rate for fiscal 1989 was 41.5% compared to a 43.0% rate for the prior fiscal year primarily due to a decrease in state income taxes.

Liquidity and Capital Resources

The Company ended the fiscal year with working capital of $174 million compared to $116 million and $80 million at February 23, 1991 and February 24, 1990, respectively. The Company had cash and short-term investments aggregating $56 million at the end of fiscal 1991 compared to $29 million and $35 million at the end of fiscal 1990 and 1989, respectively. The Company also has in excess of $500 million in various available credit facilities.

During fiscal 1991, the Company financed its capital expenditures, debt repayments and cash dividends through internally generated funds supplemented by external borrowings. Combined U.S. bank and commercial paper borrowings decreased during the fiscal year from $141 million at February 23, 1991 to $128 million at February 29, 1992. Average outstanding U.S. bank and commercial paper borrowings during fiscal 1991 were $93 million at an average interest rate of 5.5%.

The Company's current cash resources, together with available credit facilities and income from operations, are sufficient for the Company's 1992 capital expenditure program of approximately $300 million, debt retirements and dividend payments in fiscal 1992.

STATEMENTS OF CONSOLIDATED OPERATIONS

The Great Atlantic & Pacific Tea Company, Inc.			
(Dollars in thousands, except per share figures)	Fiscal 1991	Fiscal 1990	Fiscal 1989
Sales	$11,590,991	$11,390,943	$11,147,997
Cost of merchandise sold	8,377,710	8,237,372	8,211,263
Gross margin	3,213,281	3,153,571	2,936,734
Store operating, general and administrative expense	(3,009,427)	(2,818,716)	(2,628,621)
Income from operations	203,854	334,855	308,113
Interest expense	(81,416)	(79,674)	(73,474)
Interest income	1,526	7,173	16,159
Income before income taxes	123,964	262,354	250,798
Provision for income taxes	(53,300)	(111,400)	(104,100)
Net income	$ 70,664	$ 150,954	$ 146,698
Net income per share	$ 1.85	$ 3.95	$ 3.84

STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY

The Great Atlantic & Pacific Tea Company, Inc.			
(Dollars in thousands)	Fiscal 1991	Fiscal 1990	Fiscal 1989
Common stock:			
Balance beginning of year	$ 38,219	$ 38,212	$ 38,199
Exercise of options	5	7	13
	$ 38,224	$ 38,219	$ 38,212
Capital surplus:			
Balance beginning of year	$437,949	$437,913	$436,786
Exercise of options and phantom share agreement	23	36	1,127
	$437,972	$437,949	$437,913
Cumulative translation adjustment:			
Balance beginning of year	$ 9,679	$ 1,946	$ 2,694
Exchange adjustment	(8,284)	7,733	(748)
	$ 1,395	$ 9,679	$ 1,946
Retained earnings:			
Balance beginning of year	$735,778	$614,435	$493,522
Net income	70,664	150,954	146,698
Cash dividends	(30,569)	(29,611)	(25,785)
	$775,873	$735,778	$614,435
Treasury stock, at cost:			
Balance beginning of year	$ (355)	$ (342)	$ (358)
Purchase of Treasury stock	(3)	(13)	(15)
Reissuance of Treasury stock	—	—	31
	$ (358)	$ (355)	$ (342)

See Notes to Consolidated Financial Statements on pages 17 through 27.

The Great Atlantic & Pacific Tea Company, Inc.

(Dollars in thousands)	February 29, 1992	February 23, 1991
ASSETS		
Current assets:		
Cash and short-term investments	$ 55,746	$ 28,541
Accounts receivable	187,363	201,800
Inventories	910,879	936,244
Prepaid expenses and other assets	21,500	45,760
Total current assets	1,175,488	1,212,345
Property:		
Land	88,718	89,289
Buildings	226,734	220,087
Equipment and leasehold improvements	1,999,908	1,928,040
Total—at cost	2,315,360	2,237,416
Less accumulated depreciation and amortization	(753,874)	(612,893)
	1,561,486	1,624,523
Property leased under capital leases	163,294	173,726
Property—net	1,724,780	1,798,249
Other assets	312,579	296,902
	$3,212,847	$3,307,496
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 55,953	$ 41,178
Current portion of obligations under capital leases	18,604	20,444
Accounts payable	589,621	655,895
Accrued salaries, wages and benefits	148,154	166,288
Accrued taxes	35,127	56,341
Other accruals	154,163	155,948
Total current liabilities	1,001,622	1,096,094
Long-term debt	486,129	532,510
Obligations under capital leases	206,003	220,892
Deferred income taxes	168,862	152,213
Other non-current liabilities	97,125	84,517
Shareholders' equity:		
Preferred stock—no par value; authorized—3,000,000 shares; issued—none		
Common stock—$1 par value; authorized—80,000,000 shares; issued 38,224,490 and 38,219,490 shares, respectively	38,224	38,219
Capital surplus	437,972	437,949
Cumulative translation adjustment	1,395	9,679
Retained earnings	775,873	735,778
Treasury stock, at cost, 8,979 and 8,873 shares, respectively	(358)	(355)
Total shareholders' equity	1,253,106	1,221,270
	$3,212,847	$3,307,496

See Notes to Consolidated Financial Statements on pages 17 through 27.

The Great Atlantic & Pacific Tea Company, Inc.

(Dollars in thousands)	Fiscal 1991	Fiscal 1990	Fiscal 1989
Cash Flows From Operating Activities:			
Net income	$ 70,664	$150,954	$146,698
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	224,641	200,313	179,676
Provision for deferred income taxes	16,700	63,500	31,400
(Gain) loss on disposal of owned property	1,912	2,762	(4,994)
(Increase) decrease in receivables	13,074	(35,801)	(17,870)
(Increase) decrease in inventories	24,773	(66,662)	(7,159)
(Increase) decrease in other current assets	(12,042)	(2,558)	2,352
Increase (decrease) in accounts payable	(47,842)	113,295	(9,198)
Increase (decrease) in accrued expenses	(37,657)	(17,281)	11,768
Increase (decrease) in other accruals	13,615	(62,233)	(19,350)
Other	2,044	5,472	4,554
Net cash provided by operating activities	269,882	351,761	317,877
Cash Flows From Investing Activities:			
Expenditures for property	(161,902)	(276,419)	(218,825)
Proceeds from disposal of property	7,090	3,113	13,354
Long-term investment	—	—	(485,192)
Proceeds from long-term investment	—	—	338,350
Acquisition of business, excluding cash	—	(223,961)	—
Net cash used in investing activities	(154,812)	(497,267)	(352,313)
Cash Flows From Financing Activities:			
Proceeds from debt	13,257	516,420	480,813
Payment of debt	(44,097)	(327,137)	(408,082)
Principal payments on capital leases	(25,527)	(21,299)	(22,037)
Cash dividends	(30,569)	(29,611)	(25,785)
Proceeds from stock options exercised	28	43	140
Purchase of Treasury stock	(3)	(13)	(15)
Net cash provided by (used in) financing activities	(86,911)	138,403	25,034
Effect of exchange rate changes on cash and short-term investments	(954)	585	(35)
Net Increase (Decrease) in Cash and Short-term Investments	27,205	(6,518)	(9,437)
Cash and Short-term Investments at Beginning of Year	28,541	35,059	44,496
Cash and Short-term Investments at End of Year	$ 55,746	$ 28,541	$ 35,059

See Notes to Consolidated Financial Statements on pages 17 through 27.

Summary of Significant Accounting Policies

FISCAL YEAR

The Company's fiscal year ends on the last Saturday in February. Fiscal 1991 ended February 29, 1992, fiscal 1990 ended February 23, 1991 and fiscal 1989 ended February 24, 1990. Fiscal 1991 was comprised of 53 weeks while fiscal 1990 and 1989 were each comprised of 52 weeks.

COMMON STOCK

The principal shareholder of the Company, Tengelmann Warenhandelsgesellschaft ("Tengelmann"), owned 53.2% of the Company's common stock as of February 29, 1992.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and all majority-owned subsidiaries.

INVENTORIES

Store inventories are valued principally at the lower of cost or market with cost determined under the retail method. Other inventories are valued primarily at the lower of cost or market with cost determined on a first-in, first-out basis. Inventories of certain acquired companies are valued using the last-in, first-out method, which was their practice prior to acquisition.

PROPERTIES

Depreciation and amortization are provided on the straight-line basis over the estimated useful lives of the assets. Buildings are depreciated based on lives varying from twenty to fifty years and equipment based on lives varying from three to ten years. Equipment and real property leased under capital leases are amortized over the lives of the respective leases. Properties designated for sale are classified as current assets.

PRE-OPENING COSTS

Costs incurred in the opening of new stores are expensed in the year incurred.

EARNINGS PER SHARE

Net income per share is based on the weighted average number of common shares outstanding during the fiscal year which was 38,211,000 in 1991, 38,206,000 in 1990 and 38,198,000 in 1989. Stock options outstanding had no material effect on the computation of net income per share.

EXCESS OF COST OVER NET ASSETS ACQUIRED

The excess of cost over net assets acquired is amortized on a straight-line basis over forty years.

INCOME TAXES

The Company provides deferred income taxes in recognition of differences between income for financial reporting and income tax purposes. Investment tax credits are amortized over the estimated useful lives of the related assets. In February of 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes". The Company currently expects to adopt this new standard in fiscal 1993. The Company has not determined the impact of adopting the statement on its financial statements.

COMPENSATED ABSENCES

The Company accrues for vested and non-vested vacation pay. Liabilities for compensated absences of $87 million and $84 million at February 29, 1992 and February 23, 1991, respectively, are included in the balance sheet caption "Accrued salaries, wages and benefits".

Acquisitions

In October 1990, the Company acquired certain assets, including inventory, of the Miracle Food Mart Division of Steinberg, Inc. ("Miracle Food Mart") for approximately C$270 million. The acquisition included 70 retail supermarkets in the province of Ontario under the tradenames "Miracle Food Mart" and "Ultra Mart". The acquisition has been accounted for as a purchase, and the excess of cost over the fair market value of net assets acquired was approximately C$75 million (U.S. $65 million). The results of operations have been included in the consolidated results of the Company from the date of acquisition.

Investment in Isosceles

During fiscal 1989, the Company loaned approximately $436 million to Newgateway Holdings Limited ("Newgateway"), a United Kingdom Company, which was formed to purchase the outstanding common shares of the Gateway Corporation PLC ("Gateway"), a food retailer in the United Kingdom. Subsequently, Newgateway sold its Gateway shares to Isosceles PLC ("Isosceles"), the owner of a controlling interest in Gateway for cash and Isosceles shares. Concurrent with the sale, Newgateway repaid its loan to the Company with cash and 19.9% of the common and cumulative preference shares of Isosceles. During fiscal 1990, Isosceles completed a recapitalization which resulted in the contribution of additional equity to Isosceles (in the form of cash and debt conversion) in the amount of 222 million Pounds Sterling. Each of the shareholders of Isosceles was offered the right to subscribe for additional equity on a pro rata basis at a cost of approximately 18.27 Pounds Sterling per equity unit, which is substantially less than the Company's current carrying cost per comparable equity unit. The Company believes that its current carrying value is appropriate and fairly reflects the current value of its investment in Isosceles. After giving effect to the recapitalization (in which the Company did not participate), the Company owns approximately 7.2% of the equity of Isosceles. The Company retains its right to designate one member to the Board of Directors of Isosceles. The Company uses the cost method to account for its Isosceles investment, which was $148 million at year-end exchange rates and is included in the balance sheet caption "Other assets".

Inventory

Approximately 23% of the Company's inventories are valued using the last-in, first-out method. Such inventories would have been $20 million and $16 million higher at February 29, 1992 and February 23, 1991, respectively, if the retail or first-in, first-out methods were used. The last-in, first-out charge to earnings per share for fiscal years 1991, 1990 and 1989 was $.05, $.08 and $.13, respectively.

Litigation

On March 18, 1983, a judgment was entered by the U.S. District Court in Newark, New Jersey, and on December 29, 1983 such judgment was affirmed by the Third Circuit Court of Appeals, approving the settlement of an action brought by a former executive on behalf of himself and a class of participants in the Company's Employees' Retirement Plan ("Plan") against the members of the Company's Board of Directors and of its Retirement Board. The action sought to prevent the termination of the plan and the distribution of the surplus assets to the Company. Pursuant to the settlement, the benefits to participants were increased at a cost of $50 million. On March 7, 1985, a purported class action, entitled Ruthie Epting, et al. v. The Great Atlantic & Pacific Tea Company, Inc., et al., was brought in the same U.S. District Court against the Company, members of its Board of Directors and of its Retirement Board, and the Commissioner of Internal Revenue. The plaintiffs are persons who claim to be former employees who were discharged prior to obtaining vested pension rights under the plan. The plaintiffs sought a declaratory judgment, claiming that their employment terminated under circumstances constituting a partial termination of the plan, thus entitling them to benefits under the Plan as well as other relief. Upon the Company's motion, the Court ruled that this new action should be resolved under its continuing jurisdiction in the settlement of the previous action. At the request of the Court, the Internal Revenue Service reviewed the issue of whether any partial terminations had occurred and concluded on October 6, 1988 that a partial termination had occurred over the period of 1975–1981.

On May 8, 1989, the U.S. District Court in Newark entered an order in this action reflecting a settlement reached by the Company and the representatives of the purported class. The settlement provides for payments to class members who were terminated during 1975–1981 in an amount not exceeding $6,000,000 and for payments to class members terminated prior to 1975 in an amount not exceeding $400,000; and for a further payment of $1,225,000 in attorney's fees and court costs (which fees and costs have been paid). The settlement is final, having been approved by the Court at a hearing held on November 20, 1989. The Company is administering the settlement in accordance with its terms and has made payments exceeding $3,500,000 to claimants terminated during 1975–1981.

The Company is also involved in various other claims, administrative agency proceedings and other lawsuits arising out of the normal conduct of its business. Although the ultimate outcome of the above legal proceedings cannot be predicted, the management of the Company believes that resulting liability, if any, will not have a material effect upon the Company's financial position.

Operations In Geographic Areas

The Company has been engaged in the retail food business since 1859 and currently does business under the names A&P, Waldbaum's, Food Emporium, Super Fresh, Farmer Jack, Kohl's, Dominion and Miracle Food Mart. Sales in the table below reflect sales to unaffiliated customers in the United States and Canada.

(Dollars in thousands)	Fiscal 1991	Fiscal 1990	Fiscal 1989
Sales:			
United States	$ 8,994,405	$ 9,195,995	$ 9,197,353
Foreign	2,596,586	2,194,948	1,950,644
Total	$11,590,991	$11,390,943	$11,147,997
Income Before Income Taxes:			
United States	$ 118,612	$ 200,935	$ 194,556
Foreign	5,352	61,419	56,242
Total	$ 123,964	$ 262,354	$ 250,798
Assets:			
United States	$ 2,322,781	$ 2,518,618	$ 2,238,333
Foreign	890,066	788,878	593,239
Total	$ 3,212,847	$ 3,307,496	$ 2,831,572

Indebtedness

Debt consists of:

(Dollars in thousands)	February 29, 1992	February 23, 1991
9⅛% Notes, due January 15, 1998	$200,000	$200,000
8⅛% Notes, due January 15, 1994	100,000	100,000
9½% Senior Notes	—	20,000
Mortgages and Other Notes, due 1992 through 2011		
(average interest rates at year end of 9.2% and 9.4%, respectively)	77,854	87,597
U. S. Bank Borrowings at 4.2% and 6.8%, respectively	128,000	141,000
Canadian Commercial Paper at 7.4% and 10.8%, respectively	37,260	26,367
Less unamortized discount on Notes	(1,032)	(1,276)
	542,082	573,688
Less current portion	(55,953)	(41,178)
Long-term debt	$486,129	$532,510

In January 1991, the Company sold a total of $300 million of unsecured, non-callable public debt securities in the form of $200 million 9⅛% Notes due 1998 and $100 million 8⅛% Notes due 1994.

The Company has a $350 million U. S. commercial paper program and maintains available bank credit facilities sufficient to refinance any commercial paper borrowings. Such facilities include a $175 million U. S. credit agreement with banks enabling it to borrow funds on a revolving basis and U. S. lines of credit with banks in excess of $400 million. The Company's loan agreements contain certain financial covenants including the maintenance of minimum levels of shareholders' equity and limitations on the incurrence of additional indebtedness and lease commitments. The Company's Canadian subsidiary has a C$100 million commercial paper program and maintains bank credit lines sufficient to refinance any outstanding Canadian commercial paper borrowings.

The net book value of real estate pledged as collateral for all mortgage loans amounted to approximately $126 million as of February 29, 1992. Combined U.S. and Canadian bank and commercial paper borrowings of $115.3 million as of February 29, 1992 are classified as non-current as it is the Company's intent to refinance these borrowings on a long-term basis.

Maturities for the next five fiscal years are: 1992-$56 million; 1993-$135 million; 1994-$38 million; 1995-$34 million; 1996-$34 million. Interest payments on indebtedness were approximately $49 million for both fiscal 1991 and 1990 and approximately $40 million for fiscal 1989.

Lease Obligations

The Company operates primarily in leased facilities. Lease terms generally range up to twenty-five years for store leases and thirty years for other leased facilities, with options to renew for additional periods. The majority of the leases contain escalation clauses relating to real estate tax increases and certain store leases provide for increases in rentals when sales exceed specified levels. In addition, the Company leases some store equipment and trucks.

The consolidated balance sheets include the following:

(Dollars in thousands)	February 29, 1992	February 23, 1991
Real property leased under capital leases	$303,848	$302,573
Equipment leased under capital leases	15,288	17,034
	319,136	319,607
Accumulated amortization	(155,842)	(145,881)
	$163,294	$173,726

The Company entered into $11 million of new capital leases during fiscal 1991, $5 million during fiscal 1990 and $3 million during fiscal 1989. Interest paid for capital lease obligations was approximately $27, $28 and $30 million in fiscal 1991, 1990 and 1989, respectively.

Rent expense for operating leases consists of:

(Dollars in thousands)	Fiscal 1991	Fiscal 1990	Fiscal 1989
Minimum rentals	$154,890	$134,222	$117,111
Contingent rentals	9,146	9,726	11,060
	$164,036	$143,948	$128,171

Minimum annual rentals for leases in effect at February 29, 1992 are shown in the table below. All amounts are exclusive of lease obligations and sublease rentals applicable to facilities for which reserves have previously been established.

(Dollars in thousands)	Capital Leases		
Fiscal	Equipment	Real Property	Operating Leases
1992	$2,504	$ 41,441	$ 140,426
1993	1,371	40,074	134,652
1994	737	37,501	129,367
1995	16	34,549	123,954
1996	—	32,063	116,422
1997 and thereafter	—	252,130	1,067,245
	4,628	437,758	$1,712,066
Less executory costs	—	(4,477)	
Net minimum rentals	4,628	433,281	
Less interest portion	(452)	(212,850)	
Present value of net minimum rentals	$4,176	$220,431	

Income Taxes

The provision for income taxes consists of the following:

(Dollars in thousands)	Fiscal 1991	Fiscal 1990	Fiscal 1989
Current:			
Federal	$29,800	$ 19,800	$ 39,800
Canadian	2,100	22,100	22,800
State and local	4,700	6,000	10,100
	36,600	47,900	72,700
Deferred:			
Federal	11,300	47,800	26,500
Canadian	(600)	6,900	3,500
State and local	6,000	8,800	1,400
	16,700	63,500	31,400
	$53,300	$111,400	$104,100

The provision for income taxes includes amortization of investment tax credits of $2 million in fiscal 1991, 1990 and 1989. The Company has unamortized investment tax credits of approximately $1 million for financial statement purposes. The Company has minimum tax credit carryforwards of approximately $59 million for income tax purposes.

Income tax payments for fiscal 1991, 1990 and 1989 were approximately $41, $56 and $62 million, respectively.

The deferred income tax provision results primarily from accelerated tax depreciation, insurance, leasing, employee benefits and tax on the undistributed earnings of Canadian subsidiaries. Deferred taxes have not been provided on approximately $15 million of undistributed earnings of the Canadian subsidiaries which are considered to be permanently invested.

A reconciliation of the Federal statutory income tax rate to the Company's effective income tax rate is summarized as follows:

	Fiscal 1991	Fiscal 1990	Fiscal 1989
Federal statutory income tax rate	34.0%	34.0%	34.0%
State income taxes less Federal tax benefit	5.7	3.7	3.0
Difference between Federal statutory rate and Canadian effective rate	(.3)	3.1	2.9
Depreciation attributable to excess cost over tax basis of certain assets	5.1	2.5	2.6
Amortization of investment tax credits	(1.5)	(0.8)	(1.0)
Effective income tax rate	43.0%	42.5%	41.5%

The Company's Chief Executive Officer has received payments from Tengelmann in accordance with a phantom share agreement. Under the terms of this agreement, the Company recognizes these payments as deductions for Federal income tax purposes, but based upon the facts and circumstances of the agreement, such payments do not represent compensation expense for financial statement purposes. Accordingly, the reduction of taxes currently payable attributable to these payments has been recorded as a credit of $1 million in fiscal 1989 to the capital surplus of the Company.

Retirement Plans And Benefits

The Company provides retirement benefits to certain non-union and some union employees under several defined benefit plans. Benefits under these plans are determined based upon service time and compensation. Net pension expense for these plans consists of the following components:

(Dollars in thousands)	Fiscal 1991	Fiscal 1990	Fiscal 1989
Service cost	$10,922	$ 9,219	$ 7,702
Interest on projected benefit obligation	21,204	16,955	16,148
Actual return on plan assets	(39,905)	(20,047)	(25,048)
Net amortization and deferral	12,642	(2,307)	4,082
Net pension expense	$ 4,863	$ 3,820	$ 2,884

The Company's U. S. defined benefit pension plans are accounted for on a calendar year basis, while the Company's Canadian defined benefit pension plans are accounted for on a fiscal year basis. The funding for these plans is based on an evaluation of the assets and liabilities of each plan. The majority of plan assets is invested in listed stocks and bonds. A reconciliation of the funded status of these plans is as follows:

	1991		1990	
(Dollars in thousands)	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets
Actuarial present value of:				
Vested benefit obligation	$205,010	$ 20,749	$126,582	$101,390
Accumulated benefit obligation	$210,775	$ 21,296	$131,587	$102,858
Projected benefit obligation	$229,382	$ 22,041	$144,544	$104,029
Plan marketable securities at fair value	277,406	8,430	174,909	85,232
Excess (deficiency) of plan assets versus projected benefit obligation	48,024	(13,611)	30,365	(18,797)
Unrecognized net (gain) loss	(12,588)	(54)	4,269	(1,353)
Prior service cost not yet recognized in net pension expense	(41)	1,057	(5,227)	6,702
Unrecognized net transitional obligation (asset)	(13,764)	1,321	(17,535)	3,182
Additional minimum liability	—	(1,977)	—	(9,217)
Pension asset (liability)	$ 21,631	$(13,264)	$ 11,872	$(19,483)

Actuarial assumptions used to determine net pension expense and year-end plan status were as follows:

	1991	1990
Discount rate	8%–9.25%	8%–9.25%
Expected rate of return on assets	9%–9.25%	9%–9.25%
Rate of increase in future compensation levels	5%–6%	5%–6%

The Company maintains a defined contribution retirement plan to which the Company contributes 4% of eligible participants' salaries. Participants become fully vested in the Company's contribution after 5 years of service. The Company's contributions charged to operations were approximately $8 million in both fiscal 1991 and 1990 and $7 million in fiscal 1989. The Company also maintains a savings plan to which eligible participants may contribute a percentage of eligible salary. The Company contributes to the plan based on specified percentages of the participants' eligible contributions. Contributions charged to operations in fiscal 1991, 1990 and 1989 for this plan were not significant.

The Company participates in various multi-employer union pension plans which are administered jointly by management and union representatives and which sponsor most full-time and certain part-time union employees who are not covered by the Company's other pension plans. The pension expense for these plans approximated $40, $41 and $40 million in fiscal 1991, 1990 and 1989, respectively. The Company could, under certain circumstances, be liable for unfunded vested benefits or other expenses of jointly administered union/management plans.

In addition to providing pension benefits, the Company provides contributory health and life benefits to approximately 800 employees who have elected early retirement. The costs of retiree benefits, which are not significant, are recognized as expense as claims are reported.

The Financial Accounting Standards Board issued Statement No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," in December 1990. The statement will require the accrual of postretirement benefits, principally medical and life insurance provided to qualifying retired employees, during the years an employee provides service to the Company. The current annual expense for these benefits is not material. The Company plans to adopt the statement by fiscal 1993. The Company has not determined the impact of adopting the statement on its financial statements.

Stock Options

The Company has a 1975 and a 1984 Stock Option Plan for its officers and key employees. As of February 23, 1985 all available options under the 1975 Stock Option Plan had been granted, of which 5,000 shares remain unexercised. The 1984 Stock Option Plan, which provides for the granting of 1,500,000 shares, has been amended as of July 10, 1990 to increase by 1,500,000 the number of options available for grant as either options or Stock Appreciation Rights ("SAR's"). Each option is available for grant at the fair value of the Company's common stock on the date the option is granted. SAR's allow the optionee, in lieu of purchasing stock, to receive cash in an amount equal to the excess of the fair market value of common stock on the date of exercise over the option price. A total of 35,000 SAR's and 15,000 stock options was granted in fiscal 1991.

A summary of option transactions is as follows:

	Shares	Price Range Per Share
Outstanding February 24, 1990	1,068,050	$ 5.50–$65.13
Granted	506,000	39.75– 56.13
Cancelled or expired	(4,750)	21.50– 46.38
Options exercised	(7,700)	5.75
SAR's exercised	(236,650)	11.44– 46.38
Outstanding February 23, 1991	1,324,950	$ 5.50–$65.13
Granted	50,000	27.63– 45.38
Cancelled or expired	(45,500)	34.00– 59.88
Options exercised	(5,000)	5.50
SAR's exercised	(133,575)	11.44– 46.38
Outstanding February 29, 1992	1,190,875	$ 5.50–$65.13
Exercisable at:		
February 23, 1991	760,200	$ 5.50–$65.13
February 29, 1992	791,500	$ 5.50–$65.13

Summary of Quarterly Results

(unaudited)

The table below summarizes the Company's results of operations by quarter for fiscal 1991 and 1990. The first quarter of each fiscal year contains sixteen weeks, and the second and third quarters each contain twelve weeks. The fourth quarter of fiscal 1991 and 1990 contains thirteen weeks and twelve weeks, respectively. In the fourth quarter of 1990, the Company recorded one time purchasing benefits achieved during the integration of Miracle Food Mart which resulted in an increase in the gross margin rate during the quarter of approximately .7%.

(Dollars in thousands, except per share figures)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
1991					
Sales	$3,590,694	$2,652,686	$2,607,667	$2,739,944	$11,590,991
Gross margin	1,004,449	726,003	713,405	769,424	3,213,281
Income from operations	89,799	42,865	24,789	46,401	203,854
Net income	36,201	14,480	3,916	16,067	70,664
Per share data:					
Net income	.95	.38	.10	.42	1.85
Cash dividends	.20	.20	.20	.20	.80
Market price:					
High	56.875	45.750	35.500	33.875	
Low	44.000	35.625	26.125	25.125	
Number of stores at end of period	1,259	1,258	1,251	1,238	
1990					
Sales	$3,402,690	$2,604,294	$2,610,968	$2,772,991	$11,390,943
Gross margin	937,841	716,333	726,401	772,996	3,153,571
Income from operations	106,692	77,882	74,312	75,969	334,855
Net income	51,007	36,316	32,050	31,581	150,954
Per share data:					
Net income	1.33	.95	.84	.83	3.95
Cash dividends	.175	.20	.20	.20	.775
Market price:					
High	59.50	57.75	51.625	52.625	
Low	48.75	50.00	38.250	39.625	
Number of stores at end of period	1,218	1,211	1,282	1,275	

The management of The Great Atlantic & Pacific Tea Company, Inc. has prepared the consolidated financial statements and related financial data contained in this Annual Report. The financial statements were prepared in accordance with generally accepted accounting principles appropriate to our business and, by necessity and circumstance, include some amounts which were determined using management's best judgments and estimates with appropriate consideration to materiality. Management is responsible for the integrity and objectivity of the financial statements and other financial data included in this report. To meet this responsibility, management maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that accounting records are reliable. Management supports a program of internal audits and internal accounting control reviews to provide assurance that the system is operating effectively.

The Board of Directors pursues its responsibility for reported financial information through its Audit Review Committee. The Audit Review Committee meets periodically and, when appropriate, separately with management, internal auditors and the independent auditors, Deloitte & Touche, to review each of their respective activities.

James Wood
Chairman of the Board, President
and Chief Executive Officer

Fred Corrado
Executive Vice President,
Chief Financial Officer and Treasurer

› To the Shareholders and Board of Directors of The Great Atlantic & Pacific Tea Company, Inc.:

We have audited the accompanying consolidated balance sheets of The Great Atlantic & Pacific Tea Company, Inc. and its subsidiary companies as of February 29, 1992 and February 23, 1991 and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three fiscal years in the period ended February 29, 1992. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of The Great Atlantic & Pacific Tea Company, Inc. and its subsidiary companies at February 29, 1992 and February 23, 1991 and the results of their operations and their cash flows for each of the three fiscal years in the period ended February 29, 1992 in conformity with generally accepted accounting principles.

Deloitte & Touche

Parsippany, New Jersey
April 30, 1992

The Great Atlantic & Pacific Tea Company, Inc.

(Dollars in thousands, except per share figures)	Fiscal 1991 (53 weeks)	Fiscal 1990 (52 weeks)	Fiscal 1989 (52 weeks)	Fiscal 1988 (52 weeks)	Fiscal 1987 (52 weeks)
Operating Results					
Sales	$11,590,991	$11,390,943	$11,147,997	$10,067,776	$9,531,780
Net income	70,664	150,954	146,698	127,582	103,443
Per Share Data					
Net income	1.85	3.95	3.84	3.34	2.71
Cash dividends	.80	.775	.675	.575	.475
Financial Position					
Current assets	1,175,488	1,212,345	1,075,867	1,068,746	945,663
Current liabilities	1,001,622	1,096,094	995,686	978,109	882,953
Working capital	173,866	116,251	80,181	90,637	62,710
Current ratio	1.17	1.11	1.08	1.09	1.07
Total assets	3,212,847	3,307,496	2,831,572	2,640,370	2,243,174
Long-term debt	486,129	532,510	329,286	254,312	168,255
Capital lease obligations	206,003	220,892	233,564	252,618	225,695
Equity					
Shareholders' equity	1,253,106	1,221,270	1,092,164	970,843	851,310
Book value per share	32.79	31.96	28.59	25.42	22.32
Weighted average shares outstanding	38,211,000	38,206,000	38,198,000	38,164,000	38,106,000
Number of shareholders	12,871	14,210	15,045	16,079	19,228
Other					
Number of employees	94,600	99,300	91,000	92,000	83,000
Number of stores at year end	1,238	1,275	1,215	1,241	1,183
Total store area (square feet)	38,742,000	39,353,000	36,369,000	36,407,000	33,111,000

CORPORATE OFFICERS

James Wood
Chairman of the Board, President and Chief Executive Officer

James W. Rowe
Vice Chairman of the Board and Executive Committee

Fred Corrado
Executive Vice President, Chief Financial Officer and Treasurer

Michael J. Larkin
Executive Vice President, Chief Operating Officer

Peter J. O'Gorman
Executive Vice President, Development & Strategic Planning

Gerald L. Good
Senior Vice President, Field Administration

George Graham
Senior Vice President, Chief Merchandising Officer

James L. Madden
Senior Vice President, Operations

Ivan K. Szathmary
Senior Vice President, Chief Services Officer

Robert G. Ulrich
Senior Vice President, General Counsel

Ernest H. Berthold
Vice President, Assistant to the C.E.O.

Peter R. Brooker
Vice President, Planning and Corporate Secretary

Stephen T. Brown
Vice President, Labor Relations

Timothy J. Courtney
Vice President, Taxation

John P. Dunne
Vice President, Product Development

R. Paul Gallant
President, Compass Foods

Kenneth W. Green
Vice President, Produce Merchandising and Procurement

Christian W. E. Haub
Vice President and Assistant to the E.V.P., Development

Clifford J. Horler
Vice President, Real Estate Development

Robert A. Keenan
Vice President, Chief Internal Auditor

Peter R. Lavoy
Vice President, Corporate Merchandising

Francis X. Leonard
Vice President, Real Estate Administration

H. Nelson Lewis
Vice President, Human Resources

R. Donald O'Leary
Vice President, Marketing

Mary Ellen Offer
Assistant Corporate Secretary

Karl Petersen
Vice President, Retail Services

Peter E. Rolandelli
Vice President, Management Information Systems

Michael J. Rourke
Vice President, Communications and Corporate Affairs

Richard J. Scola
Vice President, Assistant General Counsel

William F. Stewart
President, Southern Operations

J. Paul Stillwell
President, Supermarket Service Corp.

Craig C. Sturken
Chairman, A&P Tea Co., Ltd. Canada

William J. Tennant
Vice President, Controller

Burton J. Weinbaum
President, A&P Northeast

William T. Wolverton
Vice President, Warehousing and Transportation

DIRECTORS

James Wood (c)(d)(e)
Chairman of the Board, President and Chief Executive Officer

Rosemarie Baumeister (b)
Executive Vice President, Tengelmann Warenhandelsgesellschaft, Germany

Fred Corrado (d)(e)
Executive Vice President, Chief Financial Officer and Treasurer

Christopher F. Edley (a)(b)(c)(e)
President, Emeritus and Senior Consultant to the United Negro College Fund, Inc.

Christian W. E. Haub
Vice President and Assistant to the E.V.P., Development

Helga Haub (c)(d)

Barbara Barnes Hauptfuhrer (a)(c)(d)(e)
Director of various corporations

Paul C. Nagel, Jr. (a)(c)(d)
Director of various corporations

James W. Rowe (c)
Vice Chairman of the Board and Executive Committee

Walter D. Scott (c)(d)
Professor of Management and Senior Austin Fellow, J.L. Kellogg Graduate School of Management, Northwestern University

Eckart C. Siess (e)
Former Vice Chairman of the Board

Fritz Teelen (d)
President, Plus Subsidiary Tengelmann Warenhandelsgesellschaft, Germany

Henry W. Van Baalen (b)
Business Consultant

R.L. "Sam" Wetzel (a)(e)
President and Chief Executive Officer of Wetzel International, Inc.

(a) Member of Audit Review Committee, Paul C. Nagel, Jr., Chairman

(b) Member of Compensation Policy Committee, Henry W. Van Baalen, Chairman

(c) Member of Executive Committee James Wood, Chairman

(d) Member of Finance Committee, Paul C. Nagel, Jr., Chairman

(e) Member of Retirement Benefits Committee, Barbara Barnes Hauptfuhrer, Chairman

Executive Offices

Box 418
2 Paragon Drive
Montvale, NJ 07645
Telephone 201-573-9700

Transfer Agent and Registrar

American Stock Transfer and Trust Company
40 Wall Street
New York, NY 10005
Telephone 212-936-5100

Independent Auditors

Deloitte & Touche
Two Hilton Court
Parsippany, New Jersey 07054

Shareholder Inquiries, Publications and Address Changes

Shareholders, security analysts, members of the media and others interested in further information about the Company are invited to contact the Corporate Affairs Department at the Executive Offices in Montvale, New Jersey.

Correspondence concerning address changes should be directed to:
American Stock Transfer and Trust Company
40 Wall Street
New York, NY 10005
Telephone 212-936-5100

Form 10-K

Copies of Form 10-K filed with the Securities and Exchange Commission will be provided to shareholders upon written request to the Secretary at the Executive Offices in Montvale, New Jersey.

Annual Meeting

The Annual meeting of Shareholders will be held at 10:00 a.m. on Tuesday, July 14, 1992 at the Woodcliff Lake Hilton Hotel, Woodcliff Lake, New Jersey. Shareholders are cordially invited to attend.

Common Stock

Common stock of the Company is listed and traded on the New York Exchange under the ticker symbol "GAP" and has unlisted trading privileges on the Boston, Midwest, Philadelphia, Cincinnati, and Pacific Stock Exchanges. The stock is reported in newspapers and periodical tables as "GtAtPc."

This report is printed on recycled paper.

HAZELNUT CRUNCH COOKIES
SUPER FRESH
Cookies n Cream
King
Sandwich
kohl's
300
Value Pack
Napkins
A&P
Toasted Oats
green beans
tomatoes
Cranberry Sauce
Pêches
EARL GREY TEA
all natural
waldbaum's
regular
potato chips